



# iDMB

*A Newsletter for the Employees of the Department of Management and Budget*

## Special budget edition

### DMB has key role

When Governor Jennifer Granholm presented the proposed 2003-2004 budget last Thursday, she told citizens that Michigan faces one of the largest deficits in its history. The \$38.6 billion budget proposal is a collective solution - one that involves citizens and employees.

"We start by doing what families and businesses do when times are tough - tightening our belts, saving every dollar, and investing in things that are the most important," she said.

As the unit of government that supports the state's business operations, the Department of Management and Budget provides services that touch every state employee and Michigan resident. DMB has a key role to play in successful implementation of the budget.

## DMB leads way in shared services

The Department of Management and Budget will play a key role in implementing Governor Jennifer Granholm's initiative to share services across state departments. In the shared services concept, some departments shift administrative functions that are not central to their mission to providers that specialize in those services.

Last year, the Department of Information Technology received human resources and financial services from DMB rather than establish its own processes. The arrangement, which was formalized with a memorandum of agreement, runs through September 2004 and resulted in savings of more than \$737,000 last year. Granholm has asked DMB Director Mitch Irwin to assess if comparable benefits could result from similar arrangements with seven other departments: Agriculture; Civil Rights; Civil Service; Education; History, Arts and Libraries; Military Affairs; and Treasury.

"The governor's budget message presented a vision of Michigan government as innovative and efficient, focusing on improving the quality of services while lowering costs," Irwin said. "DMB employees should be heartened that our department is at the center of the governor's efforts to streamline state government as we partner to a greater degree than before with other agencies."

Irwin has asked Howard Pizzo, director of Financial Services, and Rose Wilson, director of Organizational Services, to explore the possibility of partnerships. This week, Wilson began meeting with department directors, inviting their participation to craft a shared services model.

"These meetings will enable us to learn more about the needs of our potential customers and will provide them with information about our capabilities," said Wilson. "The discussions will help us identify where we can build optimal partnerships and provide services in ways that make good sense."

"There are basic values that departments gain when they use a shared services center," Pizzo said. "Department administrators are free to focus on their own missions. They are not distracted by having to deal with accounting and personnel issues. They just rely on the shared services center for the experts who do that kind of work."

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**Mitch Irwin,  
DMB Director**

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# News for the Themes

## DMB priorities

- Ensure fairness, reduce costs and streamline the state's acquisition of goods and services.
- Improve financial accountability and control of state government spending.
- Manage state-owned property and, when appropriate, sell surplus state lands and buildings to maximize economic growth opportunities in local communities.
- Provide quality customer service to members and retirees of the state's pension systems.

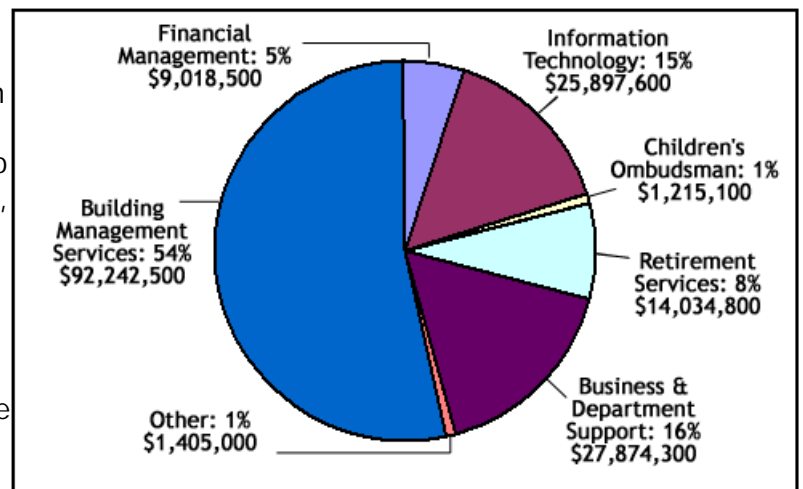
## Department works to reduce costs

In the proposed 2004 state budget, Governor Jennifer Granholm recommends an allocation of \$171.7 million to the Department and Management and Budget; \$36.3 million of this amount will come from the state's general fund. The total budget is \$17.6 million less than the 2003 appropriation, with \$7.7 million less coming from the general fund.

A number of measures already have been identified to achieve these reductions:

**Operation of office buildings.** Almost 54 percent of the proposed DMB total is allocated to operate state-owned and leased office buildings. That amount - \$92.2 million - is \$5 million below the 2003 allocation. To achieve this reduction, DMB will improve its use of technology and take measures to control security costs, reduce janitorial and other services, and use the state's Lansing-area parking lots and ramps more efficiently.

Governor's Budget Recommendation for DMB



Total: \$171,687,800

**Cost containment.** Across state government, departments are being asked to work with vendors to reduce costs associated with contractual services. In DMB, information technology costs for the Michigan Administrative Information Network, the state's financial management system, will be controlled by reducing contract prices and reliance on high-priced contract staff for system maintenance. These measures, which will start this year, will result in savings of \$2.6 million by fiscal year 2004. DMB will review other contracts to pursue additional opportunities for savings.

**Enhancing services for greater savings.** Retirement Services is implementing additional automated support services to enable customers to access retirement information by telephone, Internet, fax or interactive voice response. Customers also may continue to visit the office and work with Retirement Services personnel. Retirement Services supports 550,000 active and retired members of the state employee, public school employee and judicial retirement systems.

The recommended budget for Retirement Services includes \$1.3 million in restricted funds for ongoing operational costs of the retirement information system.

**Program consolidations.** During 2003, DMB assumed responsibility for interdepartmental mail distribution for the Family Independence Agency. Funding for the program was transferred from FIA to DMB.

# News for the Themes

## Michigan's budget

For more information on the state budget, [click here](#).

[www.michigan.gov/budget/0,1607,7-157-11460--,00.html](http://www.michigan.gov/budget/0,1607,7-157-11460--,00.html)

This Web page enables you to view the budget document, including its tables and charts, and review budgets from previous years.

The document presented March 6 is a proposed budget. For information about the entire budget approval process, [click here](#).

[www.michigan.gov/budget/1,1607,7-157-11462\\_13385-34950--,00.html](http://www.michigan.gov/budget/1,1607,7-157-11462_13385-34950--,00.html)



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## Directors share services plan

(continued from page 1) For the financial services area, sharing services means providing basic financial reporting services and general ledger, accounts payable, receipting, billings and basic accounting functions are done in a central location for a variety of organizations and business entities.

For the human resources area, sharing services means providing payroll/personnel transaction processing and professional services such as recruiting, classifications and labor relations, safety and employee development support on a coordinated basis.

Adding responsibilities for DIT's human resources and financial functions increased DMB's workload. Providing payroll and human resources services for DIT added responsibility for 1,700 employees. That almost tripled the number of customers for DMB, which has approximately 1,050 employees. The arrangement has been beneficial for both departments, Pizzo said. In working with DIT, the technology department saved costs by using an outside source. Financial Services and Human Resources gained staff members. Some staff transferred from DIT, and others were new to the department.

Although saving money is a primary benefit when sharing services, Pizzo said there are other advantages to the arrangement.

"We're also able to implement best practices," he said. "We have a system that works, and it's an efficient process. By combining staffs, we are able to do the work with fewer staff. We know it's a huge challenge," Pizzo said, "but we have done it with DIT."

"DMB took the lead in bringing these new approaches," Irwin said. "Rose Wilson and Howard Pizzo have been working with their counterparts across state government to find efficiencies through shared services and administrative partnerships."

Irwin said that Granholm would like the shared services arrangements in place by Oct. 1.

"I know I can count on DMB employees to pitch in with me as we embrace the opportunity to broaden the scope of what our themes are doing to have a much larger impact statewide," Irwin said.